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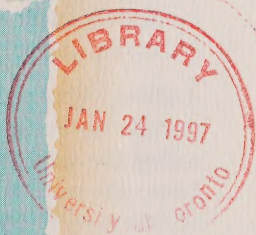
RENEWABLE ENERGY STRATEGY:
CREATING A NEW MOMENTUM, SUMMARY.

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Publications

Renewable Energy Strategy

CREATING A NEW MOMENTUM



Summary



Natural Resources
Canada

Ressources naturelles
Canada

Canada

Renewable *Environment*

Canada is blessed with abundant natural resources of life that is the envy of most other countries. We have become more concerned about how

Natural Resources Canada (NRCan) wants Canada to become a world leader in applying sustainable development principles to the area of natural resources. One step toward this goal is to reduce the environmental impact of our energy use by developing a more sustainable energy mix—and this means increasing our use of renewable energy sources.

A strong, dynamic renewable energy industry will provide environmentally friendly sources of energy and at the same time help Canada reduce its greenhouse gas emissions. It will also create new jobs in an emerging “green” industry that has market potential both in Canada and around the world.

To help the Canadian renewable energy industry fulfill its potential, NRCan has developed the Renewable Energy Strategy—a blueprint for cooperative action with other stakeholders to accelerate the development and commercialization of emerging and promising renewable energy technologies. Using this strategy, NRCan will create a new momentum for renewable energy in this country, so that Canadians can enjoy the benefits of increased energy diversity and security, economic growth, new jobs and a healthy environment for future generations.

Energy—Good Good for the E

*natural resources that have helped us establish a quality
nations. In recent years, however, Canadians have
our use of these resources affects the environment.*

WHAT RENEWABLE ENERGY MEANS FOR CANADA

Renewable energy can play an important role in Canada's effort to create jobs and to address climate change and other environmental challenges. With an abundant access to many renewable resources, as well as the technologies and the expertise needed to convert these resources into useful energy for Canadians, Canada is well positioned to transform this growth industry into a major energy player.

RENEWABLE ENERGY AND THE ENVIRONMENT

- ☀ NRCan's Renewable Energy Strategy supports the Government of Canada's commitment to fostering sustainable development.
- ☀ Canada's National Action Program on Climate Change includes a commitment to increasing the use of renewable energy.
- ☀ Increased energy efficiency offers many short-term contributions to reducing greenhouse gas emissions. But in the longer term, Canada needs a more sustainable mix of energy sources.

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Three Strategic Pillars

NRCan will pursue initiatives under three strategic pillars to help develop a stronger, self-sustaining renewable energy industry.

1 ENHANCING INVESTMENT CONDITIONS

Renewable energy projects often have high start-up costs. The federal *Income Tax Act* already provides an accelerated capital cost allowance for certain types of renewable energy equipment through Class 43.1. NRCan and the Department of Finance recently released a study entitled *The Level Playing Field—The Tax Treatment of Competing Energy Investments*. The research that went into this study was instrumental to the following changes announced in the 1996 federal budget:

- ☀ The Specified Energy Property Rules that apply to Class 43.1 will be relaxed to permit manufacturing and processing and mining companies to claim capital cost allowance deductions in respect of such property against all sources of income.

RENEWABLE



ENERGY

- ☀ A new category of expenditures, Canadian Renewable and Conservation Expenses, will be created in the income tax system to extend the use of flow-through share financing (currently available for non-renewable energy and mining projects) to include intangible expenses in renewable energy projects that use equipment eligible for Class 43.1 treatment. The federal government is consulting with industry to determine the eligible expenditures within this category.

These changes will improve access to financing for the renewable energy sector. In addition, the 1996 budget announced a consultation process to examine tax and other options to improve the treatment of energy efficiency investments and investments providing heating and cooling from renewable energy sources. The views obtained will be considered in preparation for the 1997 budget.

2 TECHNOLOGY INITIATIVES

Some renewable energy technologies are well established in Canada, but others need further development before they can gain market acceptance. NRCan will advance technology by continuing to work in partnership with the industry on research and development activities aimed at lowering the cost and improving the reliability of renewable energy technologies.

3 MARKET DEVELOPMENT INITIATIVES

A number of cost-effective renewable energy technologies continue to face barriers in the marketplace. Working with the industry and other interested parties, NRCan will strengthen its market development initiatives to create demand pull by doing the following:

- ☀ continuing to support market assessment studies to help the industry develop new markets;
- ☀ developing a cooperative communications strategy to emphasize information and education as a means of stimulating market interest in renewable energy
- ☀ participating in projects to increase the visibility of selected renewable energy technologies
- ☀ continuing to develop and implement effective technical training programs in cooperation with the renewable energy industry
- ☀ working to increase the renewable energy industry's access to promising markets in remote Canadian communities and in the international marketplace
- ☀ championing the use of renewable energy technologies in federal facilities
- ☀ developing and testing a federal government "green power purchasing" initiative

Approach

- ☀ *Partnerships will be crucial to the success of the Renewable Energy Strategy. NRCan will collaborate closely with a broad range of stakeholders, including the renewable energy industry, communities, provincial/territorial governments, other federal departments, electric utilities, independent power producers, First Nations and environmental groups.*
- ☀ *NRCan will emphasize cost-shared, voluntary and economically sound initiatives. This will ensure that the best technologies and markets are developed, and that limited federal and industry resources are used to the fullest.*

FOR MORE INFORMATION

For a copy of the Renewable Energy Strategy or for more information about renewable energy in Canada, write to:

Natural Resources Canada,
Renewable and Electrical Energy Division,
580 Booth Street, Ottawa, ON K1A 0E4,
or fax your request to (613) 995-0087.

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